

ASSEMBLY BILL

No. 37

Introduced by Assembly Member Yee

December 2, 2002

An act to amend Section 1374.72 of the Health and Safety Code, and to amend Section 10144.5 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 37, as introduced, Yee. Health care coverage: mental health.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans and makes a violation of the act's provisions a crime. Existing law also provides for the regulation of health insurers by the Insurance Commissioner. Under existing law, a health care service plan and a health insurer are required to provide coverage for the diagnosis and medically necessary treatment of the serious emotional disturbances of a child, as specified.

This bill would require a health care service plan and a health insurer to contract with a county department of mental health to provide all medically necessary treatment available through the department to an enrollee or insured suffering from a serious emotional disturbance, if that treatment is not available through a contracting provider.

Because the bill would specify an additional requirement for the operation of a health care service plan, the violation of which would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1374.72 of the Health and Safety Code
2 is amended to read:
3 1374.72. (a) Every health care service plan contract issued,
4 amended, or renewed on or after July 1, 2000, that provides
5 hospital, medical, or surgical coverage shall provide coverage for
6 the diagnosis and medically necessary treatment of severe mental
7 illnesses of a person of any age, and of serious emotional
8 disturbances of a child, as specified in subdivisions (d) and (e),
9 under the same terms and conditions applied to other medical
10 conditions, as specified in subdivision (c).
11 (b) These benefits shall include the following:
12 (1) Outpatient services.
13 (2) Inpatient hospital services.
14 (3) Partial hospital services.
15 (4) Prescription drugs, if the plan contract includes coverage
16 for prescription drugs.
17 (c) The terms and conditions applied to the benefits required by
18 this section, that shall be applied equally to all benefits under the
19 plan contract, shall include, but not be limited to, the following:
20 (1) Maximum lifetime benefits.
21 (2) Copayments.
22 (3) Individual and family deductibles.
23 (d) For the purposes of this section, “severe mental illnesses”
24 shall include:
25 (1) Schizophrenia.
26 (2) Schizoaffective disorder.
27 (3) Bipolar disorder (manic-depressive illness).
28 (4) Major depressive disorders.
29 (5) Panic disorder.
30 (6) Obsessive-compulsive disorder.
31 (7) Pervasive developmental disorder or autism.



1 (8) Anorexia nervosa.

2 (9) Bulimia nervosa.

3 (e) For the purposes of this section, a child suffering from,
4 “serious emotional disturbances of a child” shall be defined as a
5 child who ~~(1)~~ has one or more mental disorders as identified in the
6 most recent edition of the Diagnostic and Statistical Manual of
7 Mental Disorders, other than a primary substance use disorder or
8 developmental disorder, that result in behavior inappropriate to the
9 child’s age according to expected developmental norms, and ~~(2)~~
10 who meets the criteria in paragraph (2) of subdivision (a) of
11 Section 5600.3 of the Welfare and Institutions Code.

12 (f) This section shall not apply to contracts entered into
13 pursuant to Chapter 7 (commencing with Section 14000) or
14 Chapter 8 (commencing with Section 14200) of Division 9 of Part
15 3 of the Welfare and Institutions Code, between the State
16 Department of Health Services and a health care service plan for
17 enrolled Medi-Cal beneficiaries.

18 (g) (1) For the purpose of compliance with this section, a plan
19 may provide coverage for all or part of the mental health services
20 required by this section through a separate specialized health care
21 service plan or mental health plan, and shall not be required to
22 obtain an additional or specialized license for this purpose.

23 (2) *For the purpose of compliance with this section, if*
24 *medically necessary treatment is not available through a provider*
25 *contracting with the plan, the plan shall contract with a county*
26 *department of mental health to provide all medically necessary*
27 *treatment available through the county department to an enrollee*
28 *suffering from a serious emotional disturbance, as defined in*
29 *paragraph (2) of subdivision (a) of Section 5600.3 of the Welfare*
30 *and Institutions Code.*

31 (3) A plan shall provide the mental health coverage required by
32 this section in its entire service area and in emergency situations
33 as may be required by applicable laws and regulations. For
34 purposes of this section, health care service plan contracts that
35 provide benefits to enrollees through preferred provider
36 contracting arrangements are not precluded from requiring
37 enrollees who reside or work in geographic areas served by
38 specialized health care service plans or mental health plans to
39 secure all or part of their mental health services within those

1 geographic areas served by specialized health care service plans or
2 mental health plans.

3 ~~(3)~~

4 (4) Notwithstanding any other provision of law, in the
5 provision of benefits required by this section, a health care service
6 plan may utilize case management, network providers, utilization
7 review techniques, prior authorization, copayments, or other cost
8 sharing.

9 SEC. 2. Section 10144.5 of the Insurance Code is amended to
10 read:

11 10144.5. (a) Every policy of ~~disability~~ *health* insurance that
12 covers hospital, medical, or surgical expenses in this state that is
13 issued, amended, or renewed on or after July 1, 2000, shall provide
14 coverage for the diagnosis and medically necessary treatment of
15 severe mental illnesses of a person of any age, and of serious
16 emotional disturbances of a child, as specified in subdivisions (d)
17 and (e), under the same terms and conditions applied to other
18 medical conditions, as specified in subdivision (c).

19 (b) These benefits shall include the following:

20 (1) Outpatient services.

21 (2) Inpatient hospital services.

22 (3) Partial hospital services.

23 (4) Prescription drugs, if the policy or contract includes
24 coverage for prescription drugs.

25 (c) The terms and conditions applied to the benefits required by
26 this section that shall be applied equally to all benefits under the
27 ~~disability~~ *health* insurance policy shall include, but not be limited
28 to, the following:

29 (1) Maximum lifetime benefits.

30 (2) Copayments and coinsurance.

31 (3) Individual and family deductibles.

32 (d) For the purposes of this section, “severe mental illnesses”
33 shall include:

34 (1) Schizophrenia.

35 (2) Schizoaffective disorder.

36 (3) Bipolar disorder (manic-depressive illness).

37 (4) Major depressive disorders.

38 (5) Panic disorder.

39 (6) Obsessive-compulsive disorder.

40 (7) Pervasive developmental disorder or autism.

1 (8) Anorexia nervosa.

2 (9) Bulimia nervosa.

3 (e) For the purposes of this section, a child suffering from,
4 “serious emotional disturbances of a child” shall be defined as a
5 child who ~~(1)~~ has one or more mental disorders as identified in the
6 most recent edition of the Diagnostic and Statistical Manual of
7 Mental Disorders, other than a primary substance use disorder or
8 developmental disorder, that result in behavior inappropriate to the
9 child’s age according to expected developmental norms, and ~~(2)~~
10 who meets the criteria in paragraph (2) of subdivision (a) of
11 Section 5600.3 of the Welfare and Institutions Code.

12 (f) (1) For the purpose of compliance with this section, a
13 ~~disability~~ health insurer may provide coverage for all or part of the
14 mental health services required by this section through a separate
15 specialized health care service plan or mental health plan, and shall
16 not be required to obtain an additional or specialized license for
17 this purpose.

18 (2) *For the purpose of compliance with this section, if*
19 *medically necessary treatment is not available through a provider*
20 *contracting with the health insurer, the insurer shall contract with*
21 *a county department of mental health to provide all medically*
22 *necessary treatment available through the county department to an*
23 *insured suffering from a serious emotional disturbance, as defined*
24 *in paragraph (2) of subdivision (a) of Section 5600.3 of the Welfare*
25 *and Institutions Code.*

26 (3) A ~~disability~~ health insurer shall provide the mental health
27 coverage required by this section in its entire in-state service area
28 and in emergency situations as may be required by applicable laws
29 and regulations. For purposes of this section, ~~disability~~ health
30 insurers are not precluded from requiring insureds who reside or
31 work in geographic areas served by specialized health care service
32 plans or mental health plans to secure all or part of their mental
33 health services within those geographic areas served by
34 specialized health care service plans or mental health plans.

35 ~~(3)~~

36 (4) Notwithstanding any other provision of law, in the
37 provision of benefits required by this section, a ~~disability~~ health
38 insurer may utilize case management, managed care, or utilization
39 review.

40 ~~(4)~~

1 (5) Any action that a ~~disability~~ *health* insurer takes to
2 implement this section, including, but not limited to, contracting
3 with preferred provider organizations, shall not be deemed to be
4 an action that would otherwise require licensure as a health care
5 service plan under the Knox-Keene Health Care Service Plan Act
6 of 1975 (Chapter 2.2 (commencing with Section 1340) of Division
7 2 of the Health and Safety Code.

8 (g) This section shall not apply to accident-only, specified
9 disease, hospital indemnity, Medicare supplement, dental-only, or
10 vision-only insurance policies.

11 SEC. 3. No reimbursement is required by this act pursuant to
12 Section 6 of Article XIII B of the California Constitution because
13 the only costs that may be incurred by a local agency or school
14 district will be incurred because this act creates a new crime or
15 infraction, eliminates a crime or infraction, or changes the penalty
16 for a crime or infraction, within the meaning of Section 17556 of
17 the Government Code, or changes the definition of a crime within
18 the meaning of Section 6 of Article XIII B of the California
19 Constitution.

